GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:201
ANSWERED ON:20.10.2008
OUTSTANDING SUGARCANE DUES
Adityanath Yogi Shri

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether huge amount due to sugarcane growers are outstanding against various sugar mills in the country;

(b) if so, the details thereof; and

(c) the steps being taken by the Government for earliest payment of said arrears?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SH. KANTI LAL BHURIA)

(a) & (b): A sum of Rs. 2624 crore was outstanding as cane price arrears payable to sugarcane growers for the cane supplied in sugar season 2007-08 as on 31.7.2008. The outstanding cane price arrears for the sugar season 2006-07 stood at Rs. 230 crore and for the period prior to sugar seas on 2006-07, the cane price arrears, as on 31.7.2008, were Rs. 226 crore.

(c): The Central Government has taken a slew of measures to help the sugar industry in liquidating the outstanding cane price arrears payable by the sugar mills to the cane growers, which, inter alia, are as under:

(i) A buffer stock of 50 lakh tonnes of sugar was created for a period of one year. Under this buffer subsidy scheme, the Central Government reimburses the interest, insurance and storage charges to sugar factories for the quantity allocated and maintained as buffer. Further, the banks provide additional credit on creation of buffer stock by waiving the margin requirement. The buffer subsidy so disbursed to sugar factories is to be utilized for cane price payment as a first priority and additional credit is to be exclusively used for cane price payment; and

(ii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs. 1,350/- per ton for sugar factories in coastal States and Rs. 1,450/- per ton for those in non-coastal States subject to actuals by road/rail for exports to the neighboring countries has been provided from 19.04.2007 upto 30.09.2008. The assistance so provided is also to be utilized for cane price payment as a first priority; and

(iii) A loan scheme of about Rs. 3800 crore to extend financial assistance to sugar undertakings has been implemented to provide additional liquidity support to the extent of notional excise duty on production of sugar in 2006-07 and 2007-08 sugar seasons exclusively earmarked for cane arrears/dues of 2006-07 and 2007-08 sugar seasons respectively.

(iv) The NABARD package of 2005 for restructuring of term loans of co-operative sugar factories has been expanded to include cooperative sugar factories not included earlier in the package. It was also decided to convert outstanding loans on account of harvesting and transport charges and short margin appearing in the factories` accounts as on 01.04.2007 to five year term loans without interest subvention.